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SERVICE DATE – APRIL 24, 2017

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. EP 720 (Sub-No. 1)

REVISIONS TO RAILROAD ANNUAL REPORT FORM R-1 AND QUARTERLY OPERATING REPORTS

Decided: April 19, 2017

AGENCY: Surface Transportation Board.

ACTION: Notice of modifications to annual and quarterly reporting forms.

SUMMARY: The Surface Transportation Board (STB or Board) is revising certain schedules in the Annual Report for Class I railroads (R-1 or Form R-1) and quarterly operating reports. These revisions are needed to correct certain accounting and reporting changes the Board enacted in 2016 and to better meet accounting and reporting requirements and industry needs.

DATES: This decision is effective on May 24, 2017. These modifications will apply beginning with the annual R-1 reports for the year ending December 31, 2017, and the quarterly operating reports for the second calendar quarter of 2017.

FOR FURTHER INFORMATION CONTACT: Pedro Ramirez at (202) 245-0333. Assistance for the hearing impaired is available through the Federal Information Relay Service (FIRS) at 1-800-877-8339.

SUPPLEMENTAL INFORMATION: The Board is authorized, under 49 U.S.C. § 11142, to prescribe a uniform accounting system for rail carriers subject to its jurisdiction and, under 49 U.S.C. § 11161, to maintain cost accounting rules for rail carriers.¹ Sections 11142 and 11161 both require the Board to conform its accounting rules to generally accepted accounting principles (GAAP) “[t]o the maximum extent practicable.” The Board’s accounting rules, known as the Uniform System of Accounts (USOA), are set forth in the Board’s regulations at

¹ The Board has economic oversight of railroads, 49 U.S.C. §§ 10101-11908, and prescribes a uniform accounting system for rail carriers to use for regulatory purposes, 49 U.S.C. §§ 11141-43, 11161-64; 49 C.F.R. parts 1200-1201. In addition, pursuant to its authority at 49 U.S.C. § 11145, the Board requires Class I railroads to submit quarterly and annual reports containing financial and operating statistics, including employment and traffic data. 49 C.F.R. §§ 1241-1246, 1248.

49 C.F.R. Part 1201—Subpart A. The USOA is used by the Class I railroads² to provide the Board an annual report, known as the Form R-1 report, and quarterly operating reports that contain information about their finances and operating statistics. 49 C.F.R. §§ 1241.11, 1243.1, and 1243.2.

DISCUSSION

In Accounting & Reporting of Business Combinations, Security Investments, Comprehensive Income, Derivative Instruments & Hedging Activities, EP 720 (STB served Apr. 6, 2016), the Board adopted rules that updated the accounting and reporting requirements under the USOA for Class I railroads to reflect accounting standard updates to GAAP. As relevant here, the Board amended the USOA by adding new general instructions and accounts to recognize changes in the fair value of certain security investments, items of other comprehensive income, derivative instruments, and hedging activities. Additionally, corresponding changes were made to the Form R-1. *Id.* at 3-7. However, no corresponding changes were made to the related quarterly reports.

To avoid confusion, ensure proper reporting, and promote uniformity with the USOA, the Board has determined that certain technical and formatting modifications to the Form R-1 and the quarterly reports are necessary. These minor changes, which are detailed below, are not substantive and fall into one of the following categories: (1) correcting the Form R-1 to fully implement the changes in accounting and reporting requirements already made through notice and comment rulemaking in Docket No. EP 720; (2) applying the accounting and reporting changes in Docket No. EP 720 to the quarterly reports; and (3) making minor clarifications, formatting, and grammatical changes. Accordingly, for good cause shown, the Board finds that notice and comment on these revisions are unnecessary. *See* 5 U.S.C. § 553(b)(3)(B). The specific changes are explained below.

Comprehensive Income. The Form R-1 Schedule 210 A (Consolidated Statements of Comprehensive Income) adopted in Docket No. EP 720 included two unnecessary columns: “Freight-related revenues & expenses” and “Passenger-related revenue & expenses.” Because the information in these two columns is not used in the calculation of comprehensive income and other comprehensive income, these columns will be eliminated in Schedule 210 A.

² The Board designates three classes of freight railroads based upon their operating revenues, for three consecutive years, in 1991 dollars, using the following scale: Class I – \$250 million or more; Class II – less than \$250 million but more than \$20 million; and Class III – \$20 million or less. These operating revenue thresholds are adjusted annually for inflation. 49 C.F.R. pt. 1201, 1-1. Adjusted for inflation based on 2015 data, Class I carriers have annual carrier operating revenues of \$457,913,998 or more; Class II carriers have annual carrier operating revenues of less than \$457,913,998 but more than \$36,633,120; and Class III carriers have annual carrier operating revenues of \$36,633,120 or less. Today, there are seven Class I carriers.

Results of Operations. In Docket No. EP 720, a single line for “Earnings per share, basic and diluted” in Form R-1 Schedule 210 (Results of Operations) was added. However, basic and diluted earnings per share are two separate calculations and must be reported individually. Therefore, the revised Form R-1 Schedule 210 adopted here will display these items in two lines: Basic Earnings Per Share and Diluted Earnings Per Share.

Quarterly Reports. Although the Board did not address quarterly operating reports in Docket No. EP 720, the items reported in the quarterly operating reports, *Condensed Balance Sheet* (CBS) and *Revenues, Expenses, and Income* (RE&I), should correspond with the Form R-1 reports and be kept in conformity with the USOA for Class I railroads.

Accordingly, the quarterly CBS report will be revised to include a line for the reporting of account 799, Accumulated Other Comprehensive Income. Additionally, the quarterly RE&I report will be revised to include four new lines for the reporting of Net Income attributable to non-controlling interest, Net Income attributable to reporting railroad, Basic Earnings Per Share, and Diluted Earnings Per Share. These additional lines, which track information required on the Form R-1, provide a place to report the data collected on a quarterly basis and maintain uniformity with annual reporting requirements in the USOA.

Other Minor Changes. The Board will also revise Form R-1 reporting schedules and quarterly operating reports to make minor clarifications, formatting changes, and grammatical corrections. Some of the changes are the result of previous updates to the USOA, in which accounts were either established, eliminated, or changed. Revisions include updating schedule titles, cross-checks, page numbering, layout, and parenthetical references for specific line items with current USOA accounts. These revisions will ensure proper reporting of data collected. Below are some of the notable revisions:

- *Form R-1 Schedule 210 A, Consolidated Statement of Comprehensive Income:* References to certain line items that improperly instruct how to calculate Comprehensive Income, Other Comprehensive Income, and Comprehensive Income Attributable to Reporting Railroads will be removed.
- *Form R-1 Schedule 245, Working Capital:* This schedule will be updated to reflect a line numbering change that occurred among other changes in Schedule 200.
- *Form R-1 Schedule 510, Separation of Debtholdings Between Road Property and Equipment:* The sources for Lines 1 through 8 will be updated to show the line numbering change in Schedule 200, and the sources for Lines 16, 17, and 21 will be modified to properly show total road property and equipment debt and total interest.
- *Form R-1 Schedule 342, Accumulated Depreciation—Improvements to Road and Equipment Leased from Others:* Instructions 2 and 3 will be amended to instruct users to refer to the notes and remarks section for Schedule 342 and no longer specifically to page number 39.

These and other minor changes (except for non-substantive formatting changes) are highlighted and annotated in the appendices.

In sum, the modifications discussed in this notice will correct certain accounting and reporting changes the Board enacted in 2016 and provide clarification and improve usability of the Form R-1 and quarterly operating reports to better meet accounting and reporting requirements and industry needs. Appendix A includes annotated copies of the revised Form R-1 Table of Contents, schedules 210A and 510, and the impacted pages of schedules 200, 210, 245, and 342. Appendix B includes annotated copies of the revised CBS and RE&I quarterly reports. The revised forms in their entirety will be posted on the Board's website at https://www.stb.gov/stb/industry/econ_reports.html.

Regulatory Flexibility Act Statement

The Regulatory Flexibility Act of 1980 (RFA), 5 U.S.C. §§ 601-612, generally requires a description and analysis of new rules that would have a significant economic impact on a substantial number of small entities. In drafting a rule, an agency is required to: (1) assess the effect that its regulation will have on small entities; (2) analyze effective alternatives that may minimize a regulation's impact; and (3) make the analysis available for public comment. 5 U.S.C. §§ 601-604. Under § 605(b), an agency is not required to perform an initial or final regulatory flexibility analysis if it certifies that the proposed or final rules will not have a "significant impact on a substantial number of small entities."

Because the goal of the RFA is to reduce the cost to small entities of complying with federal regulations, the RFA requires an agency to perform a regulatory flexibility analysis of small entity impacts only when a rule directly regulates those entities. In other words, the impact must be a direct impact on small entities "whose conduct is circumscribed or mandated" by the proposed rule. White Eagle Coop. Ass'n v. Conner, 553 F.3d 467, 478, 480 (7th Cir. 2009).

The reporting requirements modified here will not have a significant economic impact upon a substantial number of small entities within the meaning of the RFA. The reporting requirements will apply only to Class I rail carriers. 49 C.F.R. § 1241.1. Accordingly, there will be no impact on small railroads (small entities).³ Therefore, the Board certifies under 5 U.S.C. § 605(b) that these modifications will not have a significant economic impact on a substantial number of small entities within the meaning of the RFA. A copy of this decision will be served upon the Chief Counsel for Advocacy, Office of Advocacy, U.S. Small Business Administration, Washington, DC 20416.

Authority. 49 U.S.C. §§ 11142 and 11164.

³ Effective June 30, 2016, for the purpose of RFA analysis for rail carriers subject to the Board's jurisdiction, the Board defines a "small business" as a Class III rail carrier under 49 C.F.R. § 1201.1-1. See Small Entity Size Standards Under the Regulatory Flexibility Act, EP 719 (STB served June 30, 2016) (with Board Member Begeman dissenting).

It is ordered:

1. The modifications set forth in this decision are adopted and will be effective beginning with the annual R-1 reports for the year ending December 31, 2017, and the quarterly operating reports for the second calendar quarter of 2017. Notice of the modifications adopted here will be published in the Federal Register.

2. A copy of this decision will be served upon the Chief Counsel for Advocacy, Office of Advocacy, U.S. Small Business Administration.

3. This decision is effective on May 24, 2017.

By the Board, Board Members Begeman, Elliott, and Miller.

APPENDIX A

**Annotated Copy of Revised Form R-1 Table of Contents, Schedule 200 (excerpt),
Schedule 210 (excerpt), Schedule 210 A, Schedule 245 (excerpt), Schedule 342 (excerpt),
and Schedule 510**

Road Initials:	Year:		
		TABLE OF CONTENTS	
		Schedule	Page
Schedules Omitted by Respondent		A	1
Identity of Respondent		B	2
Voting Powers and Elections		C	3
Comparative Statement of Financial Position		200	5
Results of Operations		210	16
Consolidated Statement of Comprehensive Retained Earnings - Unappropriated	Changed to match Schedule 240 title	210A 220	19 20
Statement of Cash Flows		240	21
Working Capital Information		245	23
Investments and Advances - Affiliated Companies		310	25
Investments in Common Stock of affiliated Companies		310A	30
Road Property and Equipment and Improvements to Leased Property and Equipment		330	31
Depreciation Base and Rates - Road and Equipment Owned and Used and Leased from Others		332	34
Accumulated Depreciation - Road and Equipment Owned and Used		335	35
Accumulated Depreciation - Improvements to Road and Equipment	Changed to match Schedule 352B title		36
Investment in Railroad Property Used in Transportation Service (By Company)		352A	38
Investment in Railroad Property Used in Transportation Service (By Property Account)		352B	39
Railway Operating Expenses	Changed to match Schedule 414 title		40
Way and Structures		412	48
Rents for Interchanged Freight Train Cars and Other Freight Carrying Equipment		414	49
Supporting Schedule - Equipment		415	51
Specialized Service Subschedule - Transportation		417	54
Analysis of Taxes	Changed to match Schedule 502 title	450	55
Guaranties and Suretyships		501	57
Compensating Balances and Short-Term Borrowing Agreements		502	58
Separation of Debtholdings Between Road Property and Equipment		510	59
Transactions Between Respondent and Companies or Persons Affiliated with Respondent for Services Received or Provided		512	60
Mileage Operated at Close of Year		700	62
Miles of Road at Close of Year - By States and Territories (Single Track)		702	64
Inventory of Equipment		710	65
Unit Cost of Equipment Installed During the Year		710S	72
Track and Traffic Conditions		720	73
Consumption of Diesel Fuel		750	74
Railroad Operating Statistics		755	75
PTC Supplement		PTC	81
PTC Road Property and Equipment and Improvements to Leased Property and Equipment		PTC 330	82
PTC Depreciation Base and Rates - Road and Equipment Owned and Used and Leased from Others		PTC 332	84
PTC Accumulated Depreciation - Road and Equipment Owned and Used		PTC 335	85
PTC Investment in Railroad Property Used in Transportation Service (By Property Account)		PTC 352B	86
PTC Railway Operating Expenses		PTC 410	87
PTC Mileage Operated at Close of Year		PTC 700	94
PTC Inventory of Equipment		PTC 710	96
PTC Unit Cost of Equipment Installed During the Year		PTC 710S	102
PTC Track and Traffic Conditions		PTC 720	103
Footnote: PTC Grants		PTC Grants	104
Verification			105

Memoranda	106
Index	107
Railroad Annual Report R-1	

Road initials:		Year:				5
200. COMPARATIVE STATEMENT OF FINANCIAL POSITION (Dollars in Thousands)						
Line No.	Cross Check	Account	Title (a)	Balance at close of year (b)	Balance at beginning of year (c)	Line No.
Current Assets						
1		701	Cash			1
2		702	Temporary cash investments			2
3		703	Special deposits			3
			Accounts receivable			
4		704	- Loan and notes			4
5		705	- Interline and other balances			5
6		706	- Customers			6
7		707	- Other			7
8		709, 708	- Accrued accounts receivables			8
9		708.5	- Receivables from affiliated companies			9
10		709.5	- Less: Allowance for uncollectible accounts			10
11		710, 711, 714	Working funds prepayments deferred income tax debits			11
12		712	Materials and supplies			12
13		713, 713.5, 713.6	Other Current Assets			13
14			TOTAL CURRENT ASSETS			14
Other Assets						
15		715, 716, 717	Special funds			15
16		721, 721.5	Investments and advances affiliated companies (Sch. 310 and 310A)			16
17		722, 723	Other investments and advances			17
18		737, 738	Property used in other than carrier operation (Less depreciation) \$			18
19		739, 741	Other assets			19
20		743	Other deferred debits			20
21		744	Accumulated deferred income tax debits			21
22			TOTAL OTHER ASSETS			22
Road and Equipment						
23		731, 732	Road (Sch. 330) L-30 Col h & b			23
24		731, 732	Equipment (Sch 330) L-39 Col h & b			24
25		731, 732	Unallocated items			25
26		733, 735	Accumulated depreciation and amortization (Sch. 335, 342)			26
27			Net Road and Equipment			27
28	*		Total Assets			28
NOTES AND REMARKS						

Railroad Annual Report R-1

6		Road Initials:		Year:		
200. COMPARATIVE STATEMENT OF FINANCIAL POSITIONS - LIABILITIES AND SHAREHOLDERS' EQUITY (Dollars in Thousands)						
Line No.	Cross Check	Account	Title (a)	Balance at close of year (b)	Balance at beginning of year (c)	Line No.
			Current Liabilities			
29		751	Loans and notes payable			29
30		752	Accounts payable: interline			30
31		753	Audited accounts and wage			31
32		754	Other accounts payable			32
33		755, 756	Interest and dividends payable			33
34		757	Payables to affiliated companies			34
35		759	Accrued accounts payable			35
36		760, 761, 761.5, 762	Taxes accrued			36
37		763, 763.5, 763.6	Other Current Liabilities			37
38		764	Equipment obligations and other long-term debt due within one year			38
39			TOTAL CURRENT LIABILITIES			39
			Non-Current Liabilities			
40		765, 767	Funded debt unmatured			40
41		766	Equipment obligations			41
42		766.5	Capitalized lease obligations			42
43		768	Debt in default			43
44		769	Accounts payable: affiliated companies			44
45		770.1, 770.2	Unamortized debt premium			45
46		781	Interest in default			46
47		783	Deferred revenues - transfers from govt. authorities			47
48		786	Accumulated deferred income tax credits			48
49		771, 772, 774, 775, 782, 784	Other long-term liabilities and deferred credits			49
50			TOTAL NON-CURRENT LIABILITIES			50
			Shareholders' Equity			
51		791, 792	Total capital stock			51
52			Common stock			52

Added Account 793

53			Preferred stock			53
54		793	Discount on capital stock			54
55		794, 795	Additional capital			55
56		797	Reference updated to reflect the adding of Line 29 and adjustment of subsequent line numbering on Schedule 200			56
57		798				57
58		798.5				58
59		799				59
60						60
61			Noncontrolling interest			61
62			Total equity (Lines 60 + 61)			62
63			Total Liabilities & Shareholders' Equity			63

NOTES AND REMARKS

Railroad Annual Report R-1

16		Road Initials:		Year:			
210. RESULTS OF OPERATIONS (Dollars in Thousands)							
<p>1. Disclose requested information for respondent pertaining to results of operations for the year.</p> <p>2. Report total operating expenses from Sched. 410. Any differences between this schedule and Sched. 410 must be explained on page 16.</p> <p>3. List dividends from investments accounted for under the cost method on line 19, and list dividends accounted for under the equity method on line 25.</p> <p>4. All contra entries should be shown in parenthesis.</p>							
<div style="float: right; text-align: right;"> <p>Cross-Checks</p> <p>Schedule 210 = Line 66, col b = Line 67, col b = Line 68, col b</p> <p>Schedule 410 = Line 620, col h = Line 620, col f = Line 620, col g</p> </div> <div style="float: right; text-align: right;"> <p>Line 14, col b Line 14, col d Line 14, col e</p> </div> <div style="clear: both;"></div>							
Line No.	Cross Check	Item	Amount for current year	Amount for preceding year	Freight-related revenue & expenses	Passenger-related revenue & expenses	Line No.
		(a)	(b)	(c)	(d)	(e)	
		ORDINARY ITEMS					
		OPERATING INCOME					
		Railway Operating Income					
1		(101) Freight					1
2		(102) Passenger					2
3		(103) Passenger-related					3
4		(104) Switching					4

5		(105) Water transfers				5
6		(106) Demurrage				6
7		(110) Incidental				7
8		(121) Joint facility - credit				8
9		(122) Joint facility - debit				9
10		(501) Railway operating revenues (Exclusive of transfers from government authorities-lines 1-9)				10
11		(502) Railway operating revenues - transfers from government authorities				11
12		(503) Railway operating revenues - amortization of deferred transfers from government authorities				12
13		TOTAL RAILWAY OPERATING REVENUES (lines 10-12)				13
14	*	(531) Railway operating expenses				14
15	*	Net revenue from railway operations				15
16		OTHER INCOME (506) Revenue from property used in other than carrier operations				16
17		(510) Miscellaneous rent income				17
18		(512) Separately operated properties - profit				18
19		(513) Dividend income (cost method)				19
20		(514) Interest income				20
21		(516) Income from sinking and other funds				21
22		(517) Release of premiums on funded debt				22
23		(518) Reimbursements received under contracts and agreements				23
24		(519) Miscellaneous income				24
25		Income from affiliated companies: 519 a. Dividends (equity method)				25
26		b. Equity in undistributed earnings (losses)				26
27		TOTAL OTHER INCOME (lines 16-26)				27
28		TOTAL INCOME (lines 15, 27)				28
29		MISCELLANEOUS DEDUCTIONS FROM INCOME (534) Expenses of property used in other than carrier operations				29
30		(544) Miscellaneous taxes				30
31		(545) Separately operated properties-Loss				31
32		(549) Maintenance of investment organization				32
33		(550) Income transferred under contracts and agreements				33
34		(551) Miscellaneous income charges				34
35		(553) Uncollectible accounts				35
36		TOTAL MISCELLANEOUS DEDUCTIONS				36
37		Income available for fixed charges				37

Railroad Annual Report R-1

Road Initials:		Year:	17		
210. RESULTS OF OPERATIONS - Continued					
(Dollars in Thousands)					
Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
		FIXED CHARGES			
38		(546) Interest on funded debt: (a) Fixed interest not in default			38
39		(b) Interest in default			39
40		(547) Interest on unfunded debt			40
41		(548) Amortization of discount on funded debt			41
42		TOTAL FIXED CHARGES (lines 38 through 41)			42

43		Income after fixed charges (line 37 minus line 42)			43
		OTHER DEDUCTIONS			
		(546) Interest on funded debt:			
44		(c) Contingent interest			44
		UNUSUAL OR INFREQUENT ITEMS			
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before inc. taxes)			46
		PROVISIONS FOR INCOME TAXES			
		(556) Income taxes on ordinary income:			
47	*	(a) Federal income taxes			47
48	*	(b) State income taxes			48
49	*	(c) Other income taxes			49
50	*	(557) Provision for deferred taxes			50
51		TOTAL PROVISION FOR INCOME TAXES (lines 47 through 52)			51
52		Income from continuing operations (line 46 minus line 51)			52
		DISCONTINUED OPERATIONS			
53		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$)			53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$)			54
55		Income before extraordinary items (lines 52 through 54)			55
		EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES			
56		(570) Extraordinary items (Net)			56
57		(590) Income taxes on extraordinary items			57
58		(591) Provision for deferred taxes - Extraordinary items			58
59		TOTAL EXTRAORDINARY ITEMS (lines 56 through 58)			59
60		(592) Cumulative effect of changes in accounting principles (less applicable income taxes of \$)			60
61	*	Basic Earnings Per Share and Diluted Earnings Per Share displayed on two lines			61
62					62
63		Net Income attributable to reporting railroad			63
64		Basic Earnings Per Share			64
65		Diluted Earnings Per Share			65
		RECONCILIATION OF NET RAILWAY OPERATING INCOME			
66	*	Line numbering was updated to reflect an additional line being added for displaying Basic Earnings Per Share and Diluted Earnings Per Share on two lines			66
67	*				67
68	*				68
69					69
70		Rent for leased roads and equipment (+)			70
71		Net railway operating income (loss)			71
Railroad Annual Report R-1					

Road Initials:	Year:	9
210 A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Dollars in Thousands)		
1. This schedule applies only to entities with items of Other Comprehensive Income (OCI)		
2. Entities must present comprehensive income in two separate but consecutive financial statements.		
		Cross-Checks Schedule 210 Line 61, col b = Schedule 210 A Line 1, col b
3. Entities must present reclassification adjustments and the effects of those adjustments on net income and OCI on the face of the financial statements.		
4. All contra entries should be shown in parenthesis.		
<div style="border: 1px solid black; background-color: #e6f2ff; padding: 5px; display: inline-block;"> Removed column (d) Freight-related revenue and expense and column (e) Passenger-related revenue and expenses </div>		
Line No.	Cross Check	Item (a)
1		Net Income
2		Other Comprehensive Income, net of tax: Foreign currency translation adjustments
3		Unrealized gains on securities: Unrealized holding gains arising during period
4		Less: reclassification adjustment for gains included in net income
5		Defined benefit pension plans: Prior service cost arising during period
6		<div style="border: 1px solid black; background-color: #e6f2ff; padding: 5px; display: inline-block;"> Inserted (loss) for Lines 8, 9, and 11 </div>
7		periodic pension cost
8		Other Comprehensive Income (Loss)
9		Comprehensive Income (Loss)
10		Less: comprehensive income attributable to noncontrolling interest
11		Comprehensive Income attributable to reporting railroad (Loss)
Notes: <div style="border: 1px solid black; background-color: #e6f2ff; padding: 10px; margin-top: 10px;"> Calculation references for Lines 8, 9, and 11 were removed after Other Comprehensive Income, Comprehensive Income, and Comprehensive Income attributable to reporting railroad </div>		

Railroad Annual Report R-1

Road Initials:		Year:		23
245. WORKING CAPITAL (Dollars in Thousands)				
1 This schedule should include only data pertaining to railway transportation services.				
2 Carry out calculations of lines 9, 10, 20, and 21 to the nearest whole number.				
Line No.	Item (a)	Source	Amount (b)	Line No.
CURRENT OPERATING ASSETS				
1	Interline and other balances (705)	Sched. 200, line 5, col. b		1
2	Customers (706)	Sched. 200, line 6, col. b		2
3	Other (707)	Note A		3
4	TOTAL CURRENT OPERATING ASSETS	Lines 1 + 2 + 3		4
OPERATING REVENUE				
5	Railway operating revenue	Sched. 210, line 13, col. b		5
6	Rent income	Note B		6
7	TOTAL OPERATING REVENUES	Lines 5 + 6		7
8	Average daily operating revenues	Line 7 ÷ 360 days		8
9	Days of operating revenue in current operating assets			9
The source for Line 11 was updated to reflect Schedule 200's line numbering change				
CURRENT OPERATING LIABILITIES				
11	Interline and other balances (752)	Sched. 200, line 30, col. b		11
12	Audited accounts and wages payable (753)	Note A		12
13	Accounts payable - other (754)	Note A		13
14	Other taxes accrued (761.5)	Note A		14
15	TOTAL CURRENT OPERATING LIABILITIES	Sum of lines 11 through 14		15
OPERATING EXPENSES				
16	Railway operating expenses	Sched. 210, line 14, col. b		16
17	Depreciation	Sched 410, lines 136, 137, 138, 213, 232, 317 col h		17
18	Cash related operating expenses	Line 16 + line 6 - line 17		18
19	Average daily expenditures	Line 18 ÷ 360 days		19
20	Days of operating expenses in current operating liabilities	Line 15 ÷ line 19		20
21	Days of working capital required	Line 10 - line 20 (Note C)		21
22	Cash working capital required	Line 21 x line 19		22
23	Cash and temporary cash balance	Sched. 200, line 1 + line 2, col. b		23
24	Cash working capital allowed	Lesser of line 22 or line 23		24
MATERIALS AND SUPPLIES				
25	Total materials and supplies (712)	Note A		25

26	Scrap and obsolete material included in account 712	Note A	26
27	Materials and supplies held for common carrier purposes	Line 25 - line 26	27
28	TOTAL WORKING CAPITAL	Line 24 + line 27	28

NOTES:

- (A) Use common carrier portion only. Common carrier refers to railway transportation service
- (B) Rent income is the sum of Schedule 410, column h, lines 121, 122, 123, 127, 128, 129, 133, 134, 135, 208, 210, 212, 227, 229, 231, 312, 314, and 316. Rent income is added to railway operating revenues to produce total revenues. Rent income is also added to total operating expenses to exclude the rent revenue items from operating expense.
- (C) If result is negative, use zero.

Railroad Annual Report R-1

36		Road Initials: Year:							
342. ACCUMULATED DEPRECIATION - IMPROVEMENTS TO ROAD AND EQUIPMENT LEASED FROM OTHERS									
(Dollars in Thousands)									
<p>Instructions 2 and 3 no longer specifically reference page 39 and now refers to the notes and remarks section for Schedule 342</p>									
<p>If any entries are made for column (d) "Other credits" or column (f) "Other debits," state the facts occasioning such entries in the notes and remarks section for Schedule 342. A debit balance in columns (b) or (g) for any primary account should be shown in parenthesis or designated "Dr."</p>									
<p>2. Any inconsistency between credits to the reserve as shown in column (c) and charges to operating expenses should be fully explained in the notes and remarks section for Schedule 342.</p>									
<p>4. Show in column (e) the debits to the reserve arising from retirements. These debits should not exceed investment, etc.</p>									
<p>Disclosures in the respective sections of this schedule may be omitted if either total road leased from others or total equipment leased from others represents less than 5% of total road owned or total equipment owned, respectively. However, line 39, Grand Total, should be completed.</p>									
<p>5.</p>									
Line No.	Cross Check	Account (a)	Balance at beginning of year (b)	CREDITS TO RESERVE During the year		DEBITS TO RESERVE During the year		Balance at close of year (g)	Line No.
				Charges to operating expenses (c)	Other credits (d)	Retirements (e)	Other debits (f)		
1		ROAD							
		(3) Grading							1
2		Other right-of-way expenditures							2
		(4)							
3		Tunnels and subways							3
		(5)							
4		Bridges, trestles and culverts							4
		(6)							
5		Elevated structures							5
		(7)							
6		Ties							6
		(8)							

7	(9)	Rail and other track material							7
8	(11)	Ballast							8
9	(13)	Fences, snowsheds and signs							9
10	(16)	Station and office buildings							10
11	(17)	Roadway buildings							11
12	(18)	Water stations							12
13	(19)	Fuel stations							13
14	(20)	Shops and enginehouses							14
15	(22)	Storage warehouses							15
16	(23)	Wharves and docks							16
17	(24)	Coal and ore wharves							17
18	(25)	TOFC/COFC terminals							18
19	(26)	Communication s systems							19
20	(27)	Signals and interlockers							20
21	(29)	Power plants							21
22	(31)	Power transmission systems							22
23	(35)	Miscellaneous structures							23
24	(37)	Roadway machines							24
25	(39)	Public improvements - const.							25
26	(44)	Shop machinery *							26
27	(45)	Power plant machinery							27
28		All other road accounts							28
29		TOTAL ROAD							29
30	(52)	EQUIPMENT Locomotives							30
31	(53)	Freight train cars							31
32	(54)	Passenger train cars							32
33	(55)	Highway revenue equipment							33
34	(56)	Floating equipment							34
35	(57)	Work equipment							35
36	(58)	Miscellaneous equipment							36
37	(59)	Computer systems & WP equip.							37
38		TOTAL EQUIPMENT							38
39		GRAND TOTAL							39
<p>* To be reported with equipment expenses rather than W&S expenses.</p> <p style="text-align: right;">Railroad Annual Report R-1</p>									

Road Initials:		Year:		59
510. SEPARATION OF DEBTHOLDINGS BETWEEN ROAD PROPERTY AND EQUIPMENT				
(Dollars in Thousands)				
The principal use of this schedule is to determine the average rate of debt capital.				
I. Debt Outstanding at End of Year				
<div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: 80%;"> The source for Lines 1 through 8 were updated to reflect the line numbering changes in Schedule 200 </div>				
Line No.	Account No. (a)	(b)	(c)	(d)
1	751	Loans and notes payable	Sch 200, Line 29	
2	764	Equipment obligations and other long-term debt due within one year	Sch 200, Line 38	
3	765/767	Funded debt unmatured	Sch 200, Line 40	
4	766	Equipment obligations	Sch 200, Line 41	
5	766.5	Capitalized lease obligations	Sch 200, Line 42	
6	768	Debt in default	Sch 200, Line 43	
7	769	Accounts payable - affiliated companies	Sch 200, Line 44	
8	770.1/770.2	Unamortized debt premium	Sch 200, Line 45	
9		Total debt	Sum of Lines 1 through 8	
10		Debt directly related to road property	Note 1	
11		Debt directly related to equipment	Note 1	
12		Total debt related to road and equipment	Lines 10 and 11	
		Percent directly related to road		
<div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: 80%;"> The sources for Lines 16 and 17 contained a typo and were changed to properly show road property debt and equipment debt </div>				
15		Debt not directly related to road and equipment	Line 9 - Line 12	
16		Road property debt (Note 2)	(Line 13 x Line 15) + Line 10	
17		Equipment debt (Note 2)	(Line 14 x Line 15) + Line 11	
II. Interest Accrued During the Year				
Line No.	Account No. (a)	Title (b)	Source (c)	Balance Close of Year (d)
18	546-548	Total interest and amortization (fixed charges)	Sch. 210, Line 42	
19	546	Contingent interest on funded debt	Sch. 210, Line 44	
20	517	Release of premium on funded debt	Sch. 210, Line 22	
21		Total interest (Note 3)	(Line 18 + Line 19) - Line 20	
22		Interest directly related to road property debt	Note 4	
23		Interest directly related to equipment debt	Note 4	
24		Interest not directly related to road or equipment property debt	Line 21 - (Lines 22 + 23)	
25		Interest on road property debt (Note 5)	Line 22 + (Line 24 x Line 13)	
26		Interest on equipment debt (Note 5)	Line 23 + (Line 24 x Line 14)	
27		Embedded rate of debt capital - road property	Line 25 / Line 16	

28	Embedded rate of debt capital - equipment	Line 26 / Line 17
<p>Note 1: Directly related means the purpose which the funds were used for when the debt was issued.</p> <p>Note 2: Line 16 plus Line 17 must equal Line 9.</p> <p>Note 3: Line 21 includes interest on debt in Account 769 - Accounts Payable; Affiliated Companies.</p> <p>Note 4: This interest relates to debt reported on Lines 10 and 11, respectively.</p> <p>Note 5: Line 25 plus Line 26 must equal Line 21.</p>		
Railroad Annual Report R-1		

APPENDIX B

Annotated Copies of Revised CBS and RE&I Quarterly Reports

SURFACE TRANSPORTATION BOARD			
QUARTERLY CONDENSED BALANCE SHEET - RAILROADS			
		OMB Clearance No. 2140-0012 Expiration Date 10-31-2018	
FORM CBS QUARTER 1 [] 2 [] 3 [] 4 [] YEAR _____ AMENDED: YES [] NO []			
FULL NAME AND ADDRESS OF REPORTING RAILROAD (If a system report, list all operating roads under REMARKS)			
Descriptions a		Balance at End of Quarter This Year b	Last Year c
ASSETS			
Cash (Account 701)		1	
Temporary cash investments (Accounts 702 & 703)	Added accounts 713.5 and 713.6 to Line 6	2	
Accounts receivables		3	
Prepayments and Work in Progress		4	
Materials and supplies (Account 712)			
Other current assets (Accounts 713, 713.5, & 713.6)	Removed account 724 from Line 8		
TOTAL CURRENT ASSETS			
Special funds and other investments and advances (Accounts 715-717, & 722-723)		8	
Investments and advances affiliated companies (Accounts 721 & 721.5)		9	
Transportation property - net (Accounts 731-735)		10	
Property used in other than carrier operation less accumulated depreciation	Added accounts 721 and 721.5 to Line 9	11	
Other assets and deferred debits (Accounts 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000)	12		
TOTAL ASSETS		13	
LIABILITIES			
Current liabilities (Accounts 751-764)		14	
Long term debt due after one year (Accounts 765-770.2)		15	
Deferred revenues - transfers from govt. authorities (Account 783)		16	
Accumulated deferred income tax credits (Account 786)		17	
Other liabilities & deferred credits (Accounts 771, 772, 774, 775, 781, 782, 784)		18	
TOTAL LIABILITIES		19	
SHAREHOLDERS' EQUITY			
Capital stock (Accounts 791-793)		20	
Additional capital (Accounts 794 & 795)		21	
Retained earnings (Accounts 797-799)		22	
Equity in undistributed earnings (losses) of affiliated companies		24	
Accumulated Other Comprehensive Income or (loss) (Account 799)	Inserted a line for the reporting of account 799, Accumulated Other Comprehensive Income	25	
	All subsequent line numbering was updated to reflect the additional line needed for the reporting of Accumulated Other Comprehensive Income or (loss) (Account 799)	26	

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		27		
All subsequent line numbering was updated to reflect the additional line needed for the reporting of Accumulated Other Comprehensive Income or (loss) (Account 799)			Cumulative Figures	
			This Year c	Last Year d
		28		
Equipment		29		
Total		30		
			Figures for Quarter	Cumulative Figures
Number of Revenue Tons Carried		31		
Number of Revenue Tons Carried One Mile (Thousands)		32		
Page 1 of 2				

Form CBS	Railroad _____	Quarter _____	Year _____	Amended _____
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1. Under order of the Surface Transportation Board, Class I railroads, excluding switching and terminal companies, are required to file quarterly reports of balance sheet items, Form CBS, in duplicate, to the Office of Economics, Environmental Analysis and Administration, Surface Transportation Board, 395 E Street S.W. Washington, DC 20423, within 50 days after the close of each quarter. Reports should be prepared on a calendar quarter basis beginning with the first day of January, April, July, and October.

2. The items reported on Form CBS should be taken from and agree with the accounts kept in conformity with the current Uniform System of Accounts for Railroad Companies prescribed by the Surface Transportation Board. Report undistributed earnings from certain investments in Account 721, in accordance with Docket No. 35949, "The Equity Method of Accounting for Certain Long-Term Investments in Common Stocks." The account numbers refer to the accounts in the Uniform System of Accounts. Reverse items should be shown in parentheses. Dollar amounts should be shown in thousands.

3. Unusual transactions or items which reflect an important change in the financial condition of the carrier should be identified and explained in a footnote under "REMARKS."

SUPPLEMENTAL INFORMATION ABOUT THE QUARTERLY CONDENSED BALANCE SHEET (CBS)

The following information is provided in Compliance with OMB requirements and pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. §§ 3501-3519 (PRA):

This information collection is mandatory under 49 C.F.R. § 1243.2. The estimated hour burden for filing this report is six hours per report. The board uses the information in this report to ensure competitive, efficient and safe transportation through general oversight programs that monitor and forecast the financial and operating condition of railroads, and through specific regulation of railroad rate and service issues and rail restructuring proposals, including railroad mergers, consolidations, acquisitions of control and abandonments. Information from the reports is used by the Board, other Federal agencies, and industry groups to assess industry growth and operations, detect changes in carrier financial stability, and identify trends that may affect the National Transportation System. Information from these reports is compiled by the Board and published on its website, www.stb.dot.gov, where it may be maintained indefinitely. The compilation report is entitled Class I Railroads, Selected Earnings Data. All information collected through this report is available to the public. In addition, paper copies of individual reports are maintained by the Board for ten years, after which they are destroyed. Under the PRA, a federal agency may not conduct or sponsor, and a person is not required to respond to, nor shall a person be subject to a penalty for failure to comply with, a collection of information unless it displays a currently valid OMB control number. Comments and questions about this collection (2140-0012) should be directed to Paperwork Reduction Officer, Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001.

CERTIFICATION

I the undersigned state that this report was prepared by me or under my supervision; that I have carefully examined it; and on the basis of my knowledge, belief, and verification (when necessary), I declare it to be a full, true. And correct statement of the balance sheet accounts named, and that the various items here reported were determined in accordance with effective rules promulgated by the Surface Transportation Board.

Name (Printed) _____

Title _____

Date _____ Signature _____

Telephone number _____

SURFACE TRANSPORTATION BOARD - QUARTERLY REPORT OF REVENUES, EXPENSES, AND INCOME - RAILROADS Washington, DC 20423		FORM RE&I OMB Clearance No. 2140-0013 Expiration Date 10-31-2018 Page 1 of 2	
Expiration Date 10-31-2018			
Railroad:	Date of Report _____ Quarter _____ Year _____ Amended _____		

Description A	Code No.	Quarterly Figures		Cumulative Figures	
		This Year B	Last Year C	This Year D	Last Year E
Operating Revenues					
Freight (Account 101)	1				
Passenger (Account 102)	2				
Passenger-Related (Account 103)	3				
All Other Operating Revenues (Accounts 104, 105, 106, 110, 502, 503)	4				
Joint Facility Account (Account 120)	5				
Railway Operating Revenues (All Above)	6				
Operating Expenses					
Depreciation-Road (Accounts 62-11-00, 62-12-00, 62-13-00)	7				
All Other Way and Structure Accounts	8				
Total Way and Structures	9				
Depreciation-Equipment (Accounts 62-21-00, 62-22-00, 62-23-00)	10				
All Other Equipment Accounts	11				
Total Equipment	12				
Transportation-Train, Yard, and Yard Common	13				
Transportation-Specialized Services, Administration Support	14				
General and Administrative	15				
Railway Operating Expenses (Account 531)	16				
Income Items					
Net Revenue From Railway Operations (Lines 6 Minus 16)	17				
Other Income (Accounts 506, 510-519)	18				
Income from Affiliated Companies: Dividends	19				
Equity in Undistributed Earnings (Losses)	20				
Total Income from Affiliated Companies (Lines 19 and 20)	21				
Miscellaneous Deductions from Income (Accounts 534, 544, 545, 549, 550, 551, and 553)	22				
Income Available for Fixed Charges (Lines 17, 18, 21, Minus 22)	23				
Fixed Charges					
Interest on Funded Debt (Account 546)	24				
Interest on Unfunded Debt (Account 547)	25				
Amortization of Discount on Funded Debt (Account 548)	26				
Total Fixed Charges	27				
Income Items					
Income After Fixed Charges	28				
Other Deductions (Account 546)	29				
Unusual or Infrequent Items (Debit) Credit (Account 555)	30				
Income (Loss) from Continuing Operations Before Income Taxes	31				
Income Tax on Ordinary Income (Account 556)	32				
Provision for Deferred Income Taxes (Account 557)	33				
Income (Loss) from Continuing Operations	33				

Removed an unnecessary line number for section heading "Income Items" and adjusted all subsequent line numbering

Form RE&I	Railroad _____	Quarter _____	Year _____	Page 2 of 2	
Description A	Code No.	This Year B	Last Year C	Cumulative Figures This Year D Last Year E	
Income Items (Continued)					
Income (Loss) from Operations - Less Applicable Income Taxes (Account 560)	34				
Gain (Loss) on Disposal of Discontinued Segments - Less Applicable Taxes (Account 562)	35				
Income (Loss) Before Extraordinary Items	36				
<div style="border: 1px solid black; padding: 5px;"> <p>Added Line 42 "Less: Net Income attributable to non-controlling interest", Line 43 "Net Income attributable to reporting railroad", Line 44 "Basic Earnings Per Share", and Line 45 "Diluted Earnings Per Share". In addition, subsequent line numbering was adjusted to reflect the additional lines.</p> </div>					
Less: Net Income attributable to non-controlling interest	42				
Net Income attributable to reporting railroad	43				
Basic Earnings Per Share	44				
Diluted Earnings Per Share	45				
Dividends on Common Stock (Account 623)	46				
Dividends on Preferred Stock (Account 623)	47				
Expenses to Revenues (%)	48				
Total Main	49				
Transporta	50				
Net Reven	51				
Income Taxes on Ordinary Income (Account 556)	52				
Provision for Deferred Taxes (Account 557)	53				
Income From Lease of Road and Equipment	54				
Rent for Leased Roads and Equipment	55				
Net Railway Operating Income	56				
<p>SUPPLEMENTAL INFORMATION ABOUT THE QUARTERLY REPORT OF REVENUES, EXPENSES, AND INCOME (FORM RE&I)</p> <p>The following information is provided in compliance with OMB requirements and pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. §§ 3501-3519 (PRA):</p> <p>This information collection is mandatory pursuant to 49 U.S.C. § 11164 and 49 C.F.R. § 1243.1. The estimated hour burden for filing this report is six hours per report. The Board uses the information in this report to ensure competitive, efficient, and safe transportation through general oversight programs that monitor and forecast the financial and operating condition of railroads, and through regulation of railroad rate and service issues and rail restructuring proposals, including railroad mergers, consolidations, acquisitions of control and abandonments. Information from the reports is used by the Board, other Federal agencies and industry groups to monitor and assess industry growth and operations, detect changes in carrier financial stability, and identify trends that may affect the national transportation system. Individual and aggregate carrier information is needed in our decision making process. Information from these reports is compiled by the Board and published on its website, www.stb.dot.gov, where it may be maintained indefinitely. The compilation report is entitled Class I Railroads, Selected Earnings Data. All information collected through this report is available to the public. Paper copies of individual reports are maintained by the Board for ten years, after which they are destroyed. Under the PRA, a federal agency may not conduct or sponsor, and a person is not required to respond to, nor shall a person be subject to a penalty for failure to comply with, a collection of information unless it displays a currently valid OMB control number. Comments and questions about this collection (2140-0013) should be directed to Paperwork Reduction Officer, Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001.</p>					
<p>CERTIFICATION</p> <p>I the undersigned state that this report was prepared by me or under my supervision; that I have carefully examined it; and on the basis of my knowledge, belief, and verification (when necessary) I declare it to be a full, true, and correct statement of the revenue, expense, and income accounts named, and that the various items reported were determined in accordance with effective rules promulgated by the Surface Transportation Board.</p> <p>Name _____ (Printed) _____</p> <p>Title _____</p> <p>Date _____ Signature _____ Telephone Number _____</p>					